

**WASHINGTON STATE  
HEALTH CARE AUTHORITY  
OLYMPIA, WASHINGTON**

**REQUEST FOR PROPOSALS**

**PROJECT TITLE:**

Medical Flexible Spending Account (FSA) Plan Third Party Administrator  
and  
Prospective Dependent Care Assistance Plan (DCAP)  
Third-Party Administrator

**PROPOSAL DUE DATE:**

May 24, 2006

**EXPECTED TIME PERIOD FOR CONTRACT:**

Initial contract term is from August 1, 2006 through December 31, 2008 for administration of the medical FSA plan for the 2007 and 2008 plan years and possible administration of the DCAP for the 2008 plan year. The contract may be extended up to three times for an additional year, at the sole discretion of the Health Care Authority (HCA), for a maximum possible total contract term of five years and five months.

**BIDDER ELIGIBILITY:**

This procurement is open to those bidders that satisfy the minimum qualifications stated herein and that are available for work in Washington State.

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## **1. INTRODUCTION**

### **1.1. PURPOSE**

The purpose of this Request for Proposals (RFP) is to secure the services of a vendor to provide Third-Party Administration (TPA) services for the administration of the State of Washington medical flexible spending account (FSA) plan and for the possible future administration of the current Washington State dependent care plan. The Health Care Authority (HCA) first offered an FSA plan to higher education employees beginning January 1, 2003. State agency employees will be eligible for the FSA plan beginning July 1, 2006. The medical FSA plan allows enrolled persons to pay unreimbursed health care expenses with pre-tax dollars through payroll deduction, as provided by the federal tax code.

Since 1987 the Washington State Department of Retirement Systems has administered the dependent care plan for eligible state employees, and other persons. HCA and DRS will be supporting legislation in the 2007 session to transfer responsibility for the administration of the DCAP program to HCA, beginning with the 2008 plan year, at the earliest.

The scope of work is described in Section 3.2 of this document.

This RFP and its attachments can be accessed electronically at:  
<http://www.hca.wa.gov/rfp/fsa>.

### **1.2. BACKGROUND**

The HCA is the state agency responsible for purchasing health care for public employees, including employees and retirees, and their dependents, of state government, higher education, school districts, and political subdivisions. The HCA administrator is appointed by the Governor and approved by the Washington State Senate. The HCA administrator chairs the Public Employees Benefits Board (PEBB), which has responsibility for determining health benefit design and eligibility criteria. The Public Employees Benefits Board (PEBB) program within HCA administers the health benefits adopted by the PEBB board. It also oversees the administration of dental, life, long-term disability, and long-term care insurance, and the medical FSA plan.

In 2002 the Washington State Legislature passed a bill to require HCA to implement a flexible spending account pilot program (ESB 6387).

The pilot program began January 1, 2003, with participation from several higher education employers; in January 2005 the plan was expanded to include all state higher education employers. On July 1, 2006 the program is expanding to

include all insurance eligible state agency employees. There are currently 3,870 enrollees in the FSA plan, and we are unable to determine how many people will enroll in the expanded plan.

The State of Washington Dependent Care Assistance Plan (DCAP) currently has approximately 1,200 enrollees statewide. As noted above, the HCA anticipates that the DCAP plan will become part of HCA responsibilities during the term of the contract; by January 1, 2008 at the earliest.

Any contract resulting from this RFP will require the TPA to administer the State medical FSA plan for the 2007 and 2008 plan years, and the ability to administer a DCAP plan beginning as soon as the 2008 plan year.

The HCA will oversee the implementation of the contract resulting from this RFP and be the contract manager for any contract resulting from this procurement.

### **1.3. MINIMUM QUALIFICATIONS**

Proposals will be accepted from bidders who meet or exceed the following criteria. Any proposal that does not meet these requirements, as determined solely by the HCA, will be deemed non-responsive and will be rejected.

1.3.1. Qualified bidders must have three (3) year's experience in providing Third-Party Administrative (TPA) services for medical FSA and DCAP plans for large employers.

1.3.2. Qualified bidders must agree to the Certifications and Assurances set forth in Exhibit A.

1.3.3. Qualified bidders must submit proposals as specified in Section 3, "Proposal Contents" of this RFP.

### **1.4. FUNDING**

The legislature has not provided any funding for the administrative expenses of the medical FSA and DCAP plans. The State's goal is to ensure that the annual administrative expenses do not exceed the State's annual FICA tax savings accruing from salary deferrals under the plans. Any contract awarded as a result of this procurement is contingent upon the availability of funding.

## **1.5. PERIOD OF PERFORMANCE**

The period of performance of any contract resulting from this RFP is tentatively scheduled to begin on or about August 1, 2006 and end December 31, 2008. The contract may be extended on an annual basis up to three times for up to five years, five months in total, at the sole discretion of the HCA. The TPA selected through this RFP will administer the medical FSA plan for the 2007 plan year, which begins on January 1, 2007, and the 2008 plan year. The August contract start date will allow the successful contractor to work with the HCA through the open enrollment period in preparation for employee participation and to produce open enrollment documents and enroll participants for the 2007 plan year.

## **1.6. AMERICANS WITH DISABILITIES ACT**

The HCA complies with the Americans with Disabilities Act (ADA). Bidders may contact the RFP Coordinator to receive this Request for Proposals in Braille or on tape.

## **1.7. DEFINITIONS**

Definitions for the purposes of the RFP include:

**HCA** -- The Washington State Health Care Authority (HCA) is the agency of Washington State that is issuing this RFP.

**Bidder** -- Individual or company submitting a proposal in order to attain a contract with the HCA.

**Contractor** -- Individual or company whose proposal has been accepted by the HCA and is awarded a fully-executed, written contract.

**Proposal** -- A formal offer submitted in response to this solicitation.

**Request for Proposals (RFP)** -- Formal procurement document in which a service or need is identified but no specific method to achieve it has been chosen. The purpose of an RFP is to permit the bidder community to suggest various approaches to meet the need at a given price.

## **2. GENERAL INFORMATION FOR BIDDERS**

### **2.1. RFP COORDINATOR**

The RFP Coordinator is the sole point of contact in the HCA for this procurement. All communication between the Bidder and the HCA upon receipt of this RFP shall be with the RFP Coordinator, as follows:

Vicky Rideout  
676 Woodland Square Loop, SE  
Olympia, Washington 98504-2702  
Telephone: (360) 923-2818  
FAX: (360) 923-2614  
Email: vrid107@hca.wa.gov

Any other communication will be considered unofficial and non-binding on the HCA. Bidders are to rely on written statements issued by the RFP Coordinator. Communication directed to parties other than the RFP Coordinator may result in disqualification of the Bidder.

### **2.2. ESTIMATED SCHEDULE OF ACTIVITIES**

Issue Request for Proposals	April 26, 2006
Pre-proposal conference (if needed)	May 10, 2006
Last date for questions regarding RFP	May 11, 2006
Letters of Intent Due	May 11, 2006
Issue addendum to RFP (if needed)	May 12, 2006
Proposals due	May 24, 2006
Evaluate proposals	May 25 – June 16, 2006
Conduct oral interviews with finalists, if required	June 14-15, 2006
Announce “Apparent Successful Bidder” and notify unsuccessful Bidders	June 16, 2006
Hold debriefing conferences (if requested)	June 23, 2006
Finalize contract	July 14, 2006
Begin contract work	August 1, 2006
Enrollment	Oct. 23 – Nov. 30 2006
Enrollee Contribution/Benefit Begins	January 1, 2007

The HCA reserves the right to revise the schedule.

### **2.3. PREPROPOSAL CONFERENCE AND QUESTIONS AND ANSWERS**

A telephonic preproposal conference may be scheduled May 10, 2006. The HCA web site will be updated with pertinent information in the event that a preproposal conference is scheduled. Attendance at the preproposal conference, if one is scheduled, is not mandatory.

Bidders may submit written questions to the RFP Coordinator through May 10, 2006. Questions arising at the preproposal conference or in subsequent communications with the RFP Coordinator will be documented and answered in written form. Letters of Intent are not mandatory, but due no later than May 11 and may be faxed or emailed to the RFP Coordinator. No later than May 12 a copy of the questions and answers will be sent electronically to all who submitted a Letter of Intent or expressed interest in this procurement to the RFP Coordinator. The HCA web site will be updated to include the questions and answers.

The HCA shall be bound only to written answers to questions. Any oral responses given will be considered unofficial.

### **2.4. SUBMISSION OF PROPOSALS**

Bidders must send four (4) hard copies and an electronic version of their proposal in response to this RFP no later than 4:00 p.m., Pacific Daylight time, on May 24, 2006.

Bidders may password protect their electronic submission of proposals to ensure confidentiality by contacting the RFP Coordinator.

The hard copy proposals must include a signed original of the Certifications and Assurances and must be received by the RFP Coordinator no later than the RFP due date stated above. The envelope should be clearly marked to the attention of the RFP Coordinator. Bidders should allow adequate delivery time to ensure timely receipt of their Certifications and Assurances by the RFP Coordinator. The HCA assumes no responsibility for delays caused by any delivery service.

Late proposals will not be accepted and will be automatically disqualified from further consideration. All proposals and any accompanying documentation become the property of the HCA and will not be returned.

## **2.5. PROPRIETARY INFORMATION/PUBLIC DISCLOSURE**

Materials submitted in response to this competitive procurement shall become the property of the HCA.

All proposals received shall remain confidential until the contract, if any, resulting from this RFP is signed by the Deputy Administrator of the HCA and the apparent successful Contractor; thereafter, the proposals shall be deemed public records as defined in RCW 42.17.250 to 42.17.340, "Public Records."

Any information in the proposal that the Bidder desires to claim as proprietary and exempt from disclosure under the provisions of RCW 42.17.250 to 42.17.340 must be clearly designated. The page must be identified and the particular exception from disclosure upon which the Bidder is making the claim. Each page claimed to be exempt from disclosure must be clearly identified by the word "Confidential" printed on the lower right hand corner of the page.

The HCA will consider a Bidder's request for exemption from disclosure; however, the HCA will make a decision predicated upon chapter 42.17 RCW and chapter 143-06 of the Washington Administrative Code. Marking the entire proposal exempt from disclosure will not be honored. The Bidder must be reasonable in designating information as confidential. If any information is marked as proprietary in the proposal, such information will not be made available until the affected proposer had been given an opportunity to seek a court injunction against the requested disclosure.

A charge will be made for copying and shipping, as outlined in RCW 42.17.300. No fee shall be charged for inspection of contract files, but twenty-four (24) hours' notice to the RFP Coordinator is required. All requests for information should be directed to the RFP Coordinator.

## **2.6. REVISIONS TO THE RFP**

In the event it becomes necessary to revise any part of this RFP, addenda will be provided to all who submit letters of intent or expressed interest in this procurement and the HCA web site will be updated with the revision(s).

The HCA also reserves the right to cancel or to reissue the RFP in whole or in part, prior to execution of a contract.



## **2.7. RESPONSIVENESS**

All proposals will be reviewed by the RFP Coordinator to determine compliance with administrative requirements and instructions specified in this RFP. The Bidder is specifically notified that failure to comply with any part of the RFP may result in rejection of the proposal as non-responsive.

The HCA also reserves the right, however, at its sole discretion to waive minor administrative irregularities.

## **2.8. ACCEPTANCE PERIOD**

Proposals must provide 90 days for acceptance by HCA from the due date for receipt of proposals.

## **2.9. MOST FAVORABLE TERMS**

The HCA reserves the right to make an award without further discussion of the proposal submitted. Therefore, the proposal should be submitted initially on the most favorable terms, which the Bidder can propose. There will be no best and final offer process. The HCA does reserve the right to contact a Bidder for clarification of its proposal.

The Bidder should be prepared to accept this RFP for incorporation into a contract resulting from this RFP. Contract negotiations may incorporate some or all of the Bidder's proposal. It is understood that the proposal will become a part of the official file on this matter without obligation to the HCA.

## **2.10. CONTRACT AND GENERAL TERMS AND CONDITIONS**

The apparent successful contractor will be expected to enter into a contract which is substantially the same as the sample contract and its general terms and conditions attached as Exhibit B. In no event is a Bidder to submit its own standard contract terms and conditions in response to this solicitation. The Bidder may submit exceptions as allowed in the Certifications and Assurances section, Exhibit A to this solicitation. The HCA will review requested exceptions and accept or reject the same at its sole discretion.

### **2.11. NO OBLIGATION TO CONTRACT**

This RFP does not obligate the State of Washington or the HCA to contract for services specified herein.

### **2.12. COSTS TO PROPOSE**

The HCA will not be liable for any costs incurred by the Bidder in preparation of a proposal submitted in response to this RFP, in conduct of a presentation, or any other activities related to responding to this RFP.

### **2.13. REJECTION OF PROPOSALS**

The HCA reserves the right at its sole discretion to reject any and all proposals received without penalty and not to issue a contract as a result of this RFP.

### **2.14. COMMITMENT OF FUNDS**

The Administrator of the HCA, or her delegate, is the only individual who may legally commit the HCA to the expenditures of funds for a contract resulting from this RFP. No cost chargeable to the proposed contract may be incurred before receipt of a fully executed contract.

## **3. PROPOSAL CONTENTS**

Proposals must be submitted in four major sections and in the order noted below:

- 1) Letter of Submittal, including signed Certifications and Assurances (Exhibit A of this RFP).
- 2) Technical Proposal.
- 3) Management Proposal.
- 4) Cost Proposal.

Proposals must provide information in the same order presented in this document with the same headings. This will not only be helpful to the evaluators of the proposal, but should assist the Bidder in preparing a thorough response.

Items in this section marked “mandatory” must be included as part of the proposal for the proposal to be considered responsive; however, these items are

not scored. Items marked “scored” are those that are awarded points as part of the evaluation conducted by the evaluation team.

### **3.1. LETTER OF SUBMITTAL (MANDATORY)**

The Letter of Submittal and the attached Certifications and Assurances form (Exhibit A. to this RFP) must be signed and dated by a person authorized to legally bind the Bidder to a contractual relationship. Both of these documents must be submitted to the HCA in hard copy, with original signatures, and received no later than the due date of the proposal. Along with introductory remarks, the Letter of Submittal is to include by attachment the following information about the Bidder and any proposed subcontractors:

1. Name, address, principal place of business, telephone number, and fax number/e-mail address of legal entity or individual with whom contract would be written.
2. Name, address, and telephone number of each principal officer (President, Vice President, etc.).
3. Legal status of the Bidder (sole proprietorship, partnership, corporation, etc.) and the year the entity was organized to do business as the entity now substantially exists.
4. Federal Employer Tax Identification number or Social Security number and the Washington Uniform Business Identification (UBI) number issued by the State of Washington Department of Revenue.
5. Location of the facility from which the Bidder would operate.
6. Identify any State employees or former State employees employed or on the firm’s governing board as of the date of the proposal. Include their position and responsibilities within the Bidder’s organization. If following a review of this information, it is determined by the HCA that a conflict of interest exists, the Bidder may be disqualified from further consideration for the award of a contract.

### **3.2. TECHNICAL PROPOSAL**

#### **3.2.1. SCOPE OF WORK**

The successful bidder will be responsible for all things necessary to:

- Administer a medical FSA plan for insurance eligible state agency and higher education employees. The plan must be administered consistent with the State’s plan document, including any amendments to the plan document during the term of the contract. Information about the current plan can be accessed at: [www.pebb.hca.wa.gov/fsa.shtml](http://www.pebb.hca.wa.gov/fsa.shtml).

- Beginning no sooner than January 1, 2008, administer a dependent care assistant plan. The plan must be administered consistent with the State's plan document, including any amendments to the plan document during the term of the contract. Information about the current plan can be accessed at:  
[www.drs.wa.gov/member/Publications/DCAP/dcapview.htm](http://www.drs.wa.gov/member/Publications/DCAP/dcapview.htm).

These plans will be offered to eligible state agency employees and higher education employees. The duties will include, but not be limited to:

- Administration of a claims and reimbursement procedure in accordance with Section 125 Plan including preparation and filing of IRS Form 5500 as appropriate;
- Employee enrollment activities, through paper and electronic means;
- A capability for direct deposit of participant reimbursements;
- The transfer of information to and from the various State and higher-education payroll systems by electronic transmission; and
- Customer service via an accounting and reporting system that will allow participants easy and accurate access to information regarding the status of their medical FSA payroll deductions, reimbursements and outstanding claims, through a web site or other electronic accessing method.
- Ensure compliance with , HIPAA, COBRA and federal tax code requirements, as applicable.

Eligible medical expenses are those expenses that qualify as a "medical expense" under the applicable sections of the Internal Revenue Code.

The current HCA FSA plan has a maximum annual reimbursement amount of \$2,400 and a minimum annual reimbursement of \$240.

The successful bidder will be required to interface with several separate state and higher-education payroll systems to handle the reimbursement and accounting functions for the medical FSA plan and the DCAP plan in 2008. The successful bidder must be able to support secure data transfer using a protocol supported by the payroll systems. At least one payroll system will require supported secure transfer services that include Kerberos and SSH. The successful contractor must maintain complete, up-to-date documentation on all programs supporting the medical FSA, and the DCAP plans in the future, using a structured program documentation standard.

The successful bidder will be a business associate of the plan as defined by HIPAA, and as a business associate, shall comply with and be bound

by the terms of the business associate agreement. Bidders must agree to sign a Business Associate Agreement with the HCA.

The HCA believes that the administration of the DCAP and medical FSA plans can be broken down into five separate activities: enrollment and open enrollment, system implementation, reimbursement and accounting, customer service, and reporting and record keeping. The HCA is open to innovative ideas and services such as debit cards for participants to use for claims payment. Bidders should provide complete information about any such innovation, which may not necessarily follow the format below.

Bidders may revise, update or provide other information in their proposals that they believe is required to successfully manage and maintain DCAP and medical FSA plans. The following is an outline of HCA expectations:

1. Open Enrollment and Implementation of the Bidders System:

During the initial phase of the contract the contractor will work with the staffs of HCA and several institutions of community colleges/higher education, the state central payroll system and higher-education to prepare for and participate in open enrollment and prepare for the plan year.

- a) The contractor will have the primary responsibility for implementing all processes, procedures, and systems necessary for enrollment in the medical FSA for an effective date of January 1, 2007.
- b) The successful contractor will have electronic, web-based systems, including web access for enrollment. However, since not all eligible persons will choose to enroll electronically, the successful bidder must maintain a supply of enrollment-related forms and information packages for distribution, at contractor's cost, to employees or personnel administrators upon their request.
- c) The contractor will assist with revising enrollment forms as needed to meet HCA requirements, establishment of enrollment processes and systems, and development of employee communications. HCA will manage the distribution of employee communications.
- d) The contractor will be required to participate in open enrollment benefit fairs held from October 23 through November 30, 2006.
- e) The contractor will participate in meetings scheduled by the HCA with state agencies, higher-education and community colleges, as needed, to ensure compatibility of systems and schedules.
- f) The successful bidder must establish toll free phone service and dedicate sufficient staff at least 12 hours a day, covering the core

hours of 8 a.m. through 5 p.m. PST, Monday through Friday excluding legal holidays observed by the State, beginning October 23, 2006 for open enrollment and throughout the term of the agreement, to provide ongoing information for potential participants. The successful bidder must have system availability 24 hours a day/7 days a week/365 days a year.

## 2. System Implementation

- a) Plan year: The plan year is a calendar year. The intent is that the FSA will be available January 1, 2007.
- b) Open enrollment: An annual open enrollment period is conducted each year, usually mid-October through late November. The contractor will assume responsibility for the open enrollment campaign each year of the contract. Employees will be encouraged to enroll electronically, but the contractor must have a plan in place to process hard copy enrollment forms for employees unable to submit electronic enrollment.
- c) The contractor must work with multiple state agency and higher-education payroll systems.
- d) Eligibility verification: Other HCA benefit programs send eligibility verification tapes to contractors. Upon receipt of enrollment forms, the contractor will be responsible for the data entry of enrollment information into its database and the calculation of deduction amounts for the purpose of transmitting the payroll changes electronically to the state and higher education payroll offices. The contractor must work closely with HCA to run test data approximately one month prior to the effective date of the FSA plan. The contractor must ensure that eligibility is properly loaded prior to the January 1, 2007 effective date.
- e) Enrollee communications: The contractor is also responsible for sending confirmation letters, with a start-up supply of reimbursement forms, to all enrollees prior to the first deduction in the upcoming plan year.
- f) Enrollment during plan year: Enrollment of employees who become eligible during the plan year will be conducted in the same manner as during the open enrollment period. Employees may enroll in the FSA plan within 31 days of the date the employee first becomes eligible to apply for coverage. For those employees who are employed after the first of any calendar year, deduction amounts and benefits will be prorated over the remainder of the calendar year. The HCA website will not have a link for online enrollment, except during open enrollment.
- g) Changes in family status: As changes in family status occur, enrollees will need to notify the contractor in order to update their

records. Please note that the primary group health coverage includes same-sex domestic partners.

Mid-year changes: Mid-year changes in family status and employment will only be permitted as allowed under IRS Section 125 rules.

- h) When coverage begins: Coverage will begin on the first of the month following the date the application is received by the contractor. State employees are paid on the 10<sup>th</sup> and 25<sup>th</sup> of each month.
- i) Renewal election: Participants will be invited to re-elect participation for the next plan year on an affirmative election basis. Failure to re-elect will result in cancellation of plan participation. The contractor will be responsible for mailing the re-enrollment material to the then-current participants during this period.
- j) HCA FSA website: The contractor will provide information about the plan, and the HCA will revise it as appropriate for the HCA population and post it on the HCA web site.
- k) The successful contractor must be able to accept transfer of claims and data files from the current contractor, should a new contractor be awarded the contract.

Contractor's Responsibilities:

- a) Contract start up costs.
- b) All costs associated with mailings, publications, communication materials, informational meetings, etc.
- c) Assist in the development of summary plan descriptions and other required plan documents and materials as requested.
- d) Provide guidance regarding Section 125 requirements as needed.
- e) Comprehensive review of the annual enrollment materials for compliance with the Plan document, IRS regulations and federal tax law.
- f) No later than November 1, 2006, establish and successfully test a system for implementing twice monthly payroll deductions.
- g) Upon receipt of approved enrollment forms from state personnel administrator, data enter all appropriate information into the contractor's data base.
- h) Perform all claims processing functions, including but not limited to, receiving, processing, and actually paying all appropriate participant claims, in a timely manner.
- i) Develop and maintain individual account files, records, and balances.
- j) Resolve any error discovered either by its own edits, or by edit performed by the State's payroll offices.



- k) Provide participants and HCA with reports as required on an as needed basis as specified by the contract manager, including quarterly account statements mailed to participants' home addresses.
- l) Develop and conduct discrimination testing, if necessary.
- m) COBRA administration, as needed.
- n) Compliance with HIPAA requirements.
- o) Have processes in place to handle denials and appeals.

### 3. Reimbursement and Accounting

Participants will submit reimbursement requests for appropriate expenses directly to the contractor, attaching any expense documentation required. Claims may be submitted in any amount as often as participants wish.

Contractor's responsibilities:

- a) Ensure that an adequate supply of claims reimbursement forms is available.
- b) Receive and verify reimbursement claims.
- c) Establish and successfully test a claims processing system no later than November 1, 2006.
- d) Guarantee a 5-day claim turnaround time, or less.
- e) Establish computer system checks and procedures to ensure that no participant exceeds his or her annual elected reduction amount.
- f) Process claims, including claims incurred during the FSA grace period and effectively coordinate these claims.
- g) Process claims during the run-out period each year.
- h) Establish a late-billing procedure to accept claims filed after the close of the grace period, if the late filing was due to no fault of the participant.
- i) Provide a monthly reconciliation of the State's account with the contractor's accounting records.
- j) Provide the HCA with on-line access to its processing system, including necessary hardware and software.
- k) Following annual open enrollment period, issue confirmation letters, with a start-up supply of reimbursement forms, to all enrollees at least four weeks prior to the first payroll deduction of the new plan year. During the plan year, issue confirmation letter with a start-up supply of reimbursement forms to each participant within five (5) business days of receipt of enrollment data or forms.
- l) The contractor will comply with and implement instructions given by the HCA for the disposition of any balances in participants' accounts.



- m) Should the contract terminate, the contractor must agree to a run-out period.

#### 4. Customer Service

The HCA believes that efficient, courteous and accessible customer service is a vital component of the administration of the medical FSA and DCAP plans. The HCA intends that the contractor will provide high quality customer service to all participants and prospective enrollees.

Contractor responsibilities:

- a) Beginning October 23, 2006 provide potential participants with accessible customer service.
- b) Provide a toll free hotline 12-hours per day, Monday through Friday (except legal holidays observed by the State).
- c) Provide an adequate number of fax machines to accommodate incoming enrollment and other information from enrollees or potential enrollees.
- d) Guarantee that at least eighty percent of the incoming calls to the toll free hotline will be answered within thirty seconds.
- e) Provide knowledgeable, well-trained, respectful customer service representatives.
- f) Strive for first call resolution whenever possible.
- g) Assign an adequate number of customer service representatives to the HCA account.

#### 5. Record Keeping and Contract Reporting

A sound record keeping and reporting system is essential to well-managed medical FSA and DCAP plans. The HCA expects that the successful contractor will utilize a fully automated system capable of providing the records and reports referred to in this RFP document and those mutually agreed upon by the parties.

Contractor responsibilities:

- a) Each participant's account shall show an ongoing summary of year-to-date total deposits, year-to-date total reimbursements, and year to date totals of authorized claims, and balance of outstanding claims.
- b) As the FSA benefit is used each participant will receive a running total showing individual deposits, reimbursements and dates of service for such reimbursements, account balance and outstanding authorized claims.
- c) At the end of the plan year, each participant will receive a statement of the account balance and a reminder of the run-out

- period for submitting claims for expenses incurred during the preceding plan year. The run-out period is through March 31.
- d) Process claims incurred in the medical FSA plan during the grace period which is two months and 15 days following the end of the plan year (March 15).
  - e) If a claim is rejected for any reason, the contractor will remit a timely notice of the rejection and provide a detailed and specific explanation of denial. The contractor must also notify participants if a claim is authorized for an amount different from the requested amount.
  - f) Reporting requirements to HCA: progress report regarding open enrollment due by February 1, 2007; quarterly reports including statistics beginning with the quarter ending March 31, 2007 due within 30 days of the end of each calendar quarter; and other reports as requested by HCA.

**Bidders are to provide the following information in as much detail as possible.**

### **3.2.2. Project Approach/Methodology (SCORED)**

Include a comprehensive description of the Bidder's proposed approach and methodology for this project, and its ongoing management. Follow the format and order used in section 3.2.1. above.

### **3.2.3. Work Plan (SCORED)**

Include all project requirements and the proposed tasks, services, and activities necessary to administer all aspects of medical FSA and DCAP plans that would meet the criteria defined in this RFP. This section of the technical proposal must contain sufficient detail to convey to members of the evaluation team the Bidder's knowledge of the subjects and skills necessary to successfully administer both medical FSA and DCAP plans. It should include a detailed implementation plan regarding critical tasks, timeframes and resources. Include any required involvement of HCA staff.

Will the Bidder assign a designated transition team that will manage a smooth transition process from the current vendor (if applicable)?

The Bidder is encouraged to present any creative approaches that might be appropriate and to provide any pertinent supporting documentation.

### **3.2.4. Project Schedule (SCORED)**

Include a schedule indicating when the elements of the work will be completed and when deliverables, if any, will be provided. Detail any concerns you have with the schedule.

### **3.3. MANAGEMENT PROPOSAL**

#### **3.3.1. Management of Medical FSA Plan and Future DCAP Plan (if any) (SCORED)**

3.3.1.1. Program Structure/Internal Controls - Provide a description of the proposed team structure and internal controls to be used for the program, including any subcontractors. Provide an organizational chart of your firm indicating lines of authority for personnel involved in performance of this potential contract and relationships of this staff to other programs or functions of the firm. This chart must also show lines of authority to the next senior level of management. Include who within the firm will have prime responsibility and final authority for the work under the proposed contract.

3.3.1.2. Staff Qualifications/Experience - Identify staff, including subcontractors, who will be assigned to the potential contract, indicating the responsibilities and qualifications of such personnel, and include the amount of time each will be assigned to the project. Provide resumes for the named staff that includes information on the individual's particular skills related to this project, education, experience, significant accomplishments and any other pertinent information. The Bidder must agree that staff identified in its proposal will actually perform the assigned work. Any substitution of staff must have the prior approval of the HCA.

3.3.1.3. Indicate the Bidder's willingness to adhere to the performance standards included as Attachment C to the draft contract which is Exhibit B to this RFP, or to propose other performance standards. What percentage of fees is the Bidder willing to put at risk for each standard?

### **3.3.2. Experience of the Bidder (SCORED)**

3.3.2.1. Indicate the experience of the Bidder and any subcontractors in providing medical FSA and DCAP plans to large groups (groups of more than 500 employees) including:

- Developing marketing strategies and materials;
- Education of participants and potential participants;
- Claims processing and reimbursement;
- Employee communications through a toll free hotline;
- Providing online member services including electronic access for account history, claims and year to date status, and plan information
- Payroll transactions (using multiple payroll systems);
- Accounting and reporting (including Section 125 reports); and
- Customer service.

3.3.2.2. Indicate other relevant experience that indicates the qualifications of the Bidder for the performance of the work described in this RFP.

3.3.2.3. Indicate the size of groups your company has provided FSA/DCAP services for.

3.3.2.4. References

List names, addresses and telephone numbers, fax numbers, and e-mail addresses of three business references for which the Bidder has performed FSA administration services and briefly describe the FSA services performed.

HCA reserves the right to contact Bidder's references, by telephone or other means, and evaluate the Bidder based on these references. The HCA considers references to be very important. It is the Bidder's responsibility to ensure that every reference contact is available during the evaluation period. The Bidder, in addition to providing the information for three business references, must:

- Agree that references must be independent of the Bidder's company/corporation (i.e. non-Bidder owned, in whole or in part, or managed in whole or in part) and include a statement that each reference meets this requirement.

- Agree that the HCA reserves the right to contact all the business references.
- Agree that the HCA reserves the right to contact others who may have pertinent information regarding the Bidder's prior experience and ability to perform the services contemplated in this procurement. These contacts are in addition to the references recommended by the Bidder.

#### **3.3.4. Related Information (MANDATORY)**

3.3.4.1. If the Bidder or any subcontractor contracted with the State of Washington during the past 24 months, indicate the name of the agency, the contract number and project description and/or other information available to identify the contract.

3.3.4.2. If the Bidder's staff or subcontractor's staff was an employee of the State of Washington during the past 24 months, or is currently a Washington state employee, identify the individual by name, the agency previously or currently employed by, job title or position held and separation date.

3.3.4.3. If the Bidder has had a contract terminated for default in the last five years, describe each such incident. Termination for default is defined as notice to stop performance due to the Bidder's non-performance or poor performance and the issue of performance was either (a) not litigated due to inaction on the part of the Proposer, or (b) litigated and such litigation determined that the Proposer was in default.

3.3.4.4. Submit full details of the terms for default including the other parties name, address, and phone number. Present the Bidder's position on the matter. The HCA will evaluate the facts and may, at its sole discretion, reject the proposal on the grounds of the past experience. If no such termination for default has been experienced by the Bidder in the past five years, so indicate.

### **3.4. COST**

The HCA expects that the vendor's charge for medical FSA administrative expenses will be on a per participant per month basis. The Bidder shall also indicate what additional amount would be charged for DCAP administrative expenses.

Rates must be guaranteed for two years.

The evaluation process is designed to award this procurement not necessarily to the Bidder of the least cost, but rather to the Bidder whose proposal best meets the requirements of this RFP. However, Bidders are encouraged to submit proposals that are consistent with State government efforts to conserve state resources.

#### **3.4.1. Identification of Any Costs (SCORED)**

- a) Identify the per participant per month fee for medical FSA plan services.
- b) Identify any other costs to administer the DCAP plan including expenses to be charged for performing the services necessary to accomplish the objectives of the contract.
- c) Identify any costs for optional services not included above, or other expenses not listed here or in the RFP.

Bidders are required to collect and pay Washington State sales tax, if applicable.

### **4. EVALUATION AND CONTRACT AWARD**

#### **4.1. Evaluation Procedure**

Responsive proposals will be evaluated strictly in accordance with the requirements stated in this solicitation and any addenda issued. The evaluation of proposals shall be accomplished by an evaluation team, to be designated by the HCA, which will determine the ranking of the proposals.

HCA, at its sole discretion, may elect to select the top-scoring firms as finalists for an oral presentation.

#### **4.2. Evaluation Weighting and Scoring**

The following weights will be assigned to the proposal for evaluation purposes:

Technical Proposal	40 percent	80 points
3.2.2. Project Approach	50 points	
a. Open Enrollment and Implementation		
b. System Implementation		
c. Reimbursement and Accounting		
d. Customer Service		
e. Record Keeping and Contract Reporting		
3.2.3. Work Plan	20 points	
3.2.4. Project Schedule	10 points	

Management Proposal	40 percent	80 points
3.3.1. Management	20 points	
3.3.2. Experience	60 points	
Cost Proposal	20 percent	40 points
3.4.1. Per participant per Month fee		
3.4.2. Other fees		
<b>Total</b>		<b>200 points</b>

Oral presentations, if required, will be scored separately with a maximum value of 30 points.

#### **4.3. Oral Presentations May Be Required**

Written submittals and oral presentations, if considered necessary, will be utilized in selecting the winning proposal. The HCA, at its sole discretion, may elect to select the top scoring finalists for an oral presentation and final determination of contract award. Should the HCA elect to hold oral presentations, it will contact the top-scoring firm(s) to schedule a date, time and location. Commitments made by the Bidder at the oral interview, if any, will be considered binding. The scores from the written evaluation and the oral presentation will be combined to determine the apparent successful Bidder.

#### **4.4. Notification to Proposers**

Firms whose proposals have not been selected for further negotiation or award will be notified via fax or by e-mail.

#### **4.5. Debriefing**

Upon request, a debriefing conference will be scheduled for any Bidder whose bid is not accepted. The request for a debriefing conference must be in writing and received by the RFP Coordinator within three (3) business days after Bidders earliest receipt of the notice of awards. The debriefing must be held within three (3) business days of the request.

Discussion will be limited to a critique of the requesting Bidder's proposal. Comparisons between proposals or evaluations of the other proposals will not be allowed. Debriefing conferences may be conducted in person or on the telephone and will be scheduled for a maximum of one hour.



#### **4.6. Protest Procedure**

This procedure is available to Bidders who submitted a response to this solicitation document and who have participated in a debriefing conference. Upon completing the debriefing conference, the Bidder is allowed three (3) business days to file a protest of the acquisition with the RFP Coordinator. Protests may be submitted facsimile, but should be followed by the original document.

Bidders protesting this procurement shall follow the procedures described herein. Protests that do not follow these procedures shall not be considered. This protest procedure constitutes the sole administrative remedy available to Bidders under this procurement.

All protests must be in writing and signed by the protesting party or an authorized Agent. The protest must state the grounds for the protest with specific facts and complete statements of the action(s) being protested. A description of the relief or corrective action being requested should also be included. All protests shall be addressed to the RFP Coordinator.

Only protests stipulating an issue of fact concerning the following subjects shall be considered:

- A matter of bias, discrimination or conflict of interest on the part of the evaluator;
- Errors in computing the score;
- Non-compliance with procedures described in the procurement document or HCA policy.

Protests not based on procedural matters will not be considered. Protests will be rejected as without merit if they address issues such as: 1) an evaluator's professional judgment on the quality of a proposal, or 2) the HCA's assessment of its own and/or other agencies needs or requirements.

Upon receipt of a protest, a protest review will be held by the HCA. All available facts will be considered and a decision will be issued by the HCA Administrator or his delegate within five business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay.

In the event a protest may affect the interest of another Bidder which submitted a proposal, such Bidder will be given an opportunity to submit its views and any relevant information on the protest to the RFP Coordinator.

The final determination of the protest shall:



- Find the protest lacking in merit and uphold the HCA's action; or
- Find only technical or harmless errors in the HCA's acquisition process and determine the HCA to be substantially in compliance and reject the protest; or
- Find merit in the protest and provide the HCA options which may include:
  - Correct the errors and reevaluate all proposals, and/or
  - Reissue the solicitation document and begin a new process, or
  - Make other findings and determine other courses of action as appropriate.

If the HCA determines that the protest is without merit, the HCA will enter into a contract with the apparent successful contractor. If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

## 5. RFP EXHIBITS

Exhibit A	Certifications and Assurances
Exhibit B	Contract Format including General Terms and Conditions (GT&C's) and Special Terms and Conditions
Exhibit C	Draft Business Associate Agreement

Washington State  
Health Care Authority